



Sen. Irv Newhouse



Rep. Barb Lisk



Rep. Jim Honeyford



1997 Session Report



Dear Neighbors,

The 1997 legislative session was a landmark. For the first time in 40 years, we completed our work on time. That hasn't happened in a budget-writing year since 1957.

The session was highlighted by two revolutionary reform measures that will change the welfare and juvenile justice systems forever in Washington. We also forged an operating budget that is more than \$100 million below the Initiative 601 spending limit and slows the growth in government by the widest margin in 26 years.

The specifics of these and other important issues are outlined in this report. Please take a moment to read through it. We welcome your views on these and any other issues. If you have concerns or views you'd like to share, or if you need help dealing with a state agency, please call or write one of our offices. We'll be happy to hear from you.

Sincerely,

Irv Newhouse
Barb Lisk
Jim Honeyford

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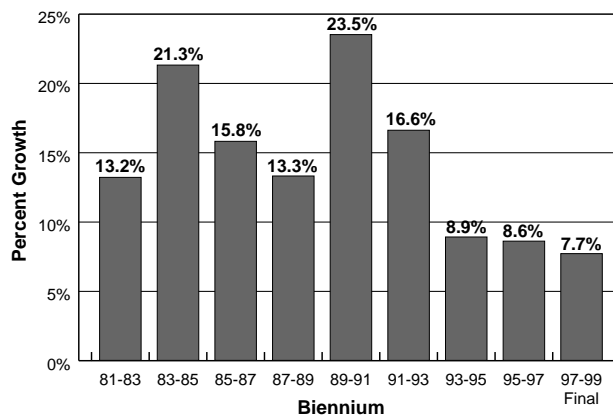
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Spending less, saving more

With total spending of \$19.07 billion over the next two years, the state operating budget adopted by the Legislature for the 1997-99 biennium meets our commitment to protect taxpayers by limiting the size and scope of government.

The budget represents an increase of 7.7 percent over the current level — the smallest growth in 26 years — and continues our successful efforts to make government more accountable and responsive to the individuals and families of Washington. And by keeping spending more than \$100 million below the limit established by Initiative 601, we ensure that the budget will be kept under control now and in the future.

General Fund - State Expenditures
Biennial Percent Change



Backing up the commitment to our children's education

Heading into the 1997 session, we made a commitment to improving public education. With close to 60 percent of our state's 1997-99 budget dedicated to educational improvements, we've lived up to that commitment.

This session, our education budget focused on putting more money directly into classrooms, where our children see the greatest benefit:

- We provided \$20 million for new books and computer software;
- We allocated \$40 million to purchase computers and other related high-technology items; and

(please see "Education" next page)

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As President Pro Tempore, Sen. Newhouse often presides over deliberations of the Senate.

Welfare reform requires personal responsibility

After 60 years, three generations of a welfare system that promoted dependency upon government, the 1997 Legislature adopted a historic new public assistance plan that will enable people to lift themselves out of poverty and into self-sufficiency and economic independence.

This year's welfare reform plan represents a significant philosophical shift in how best to help those in need. Welfare will no longer be a one-way handout. Now, personal responsibility and accountability will be required of recipients. And, by focusing on the causes of achievement and success, like individual initiative, aspiration and hard work, opportunity will also increase.

Public assistance will be limited to five years in one's lifetime — and, from the time they first apply, all able adults will be required to work or perform community service in exchange for benefits. All teen recipients will be required to live at home or in another adult-supervised setting and be actively progressing towards a high school degree.

Tomorrow's education at today's prices

We know that young people with college degrees have a better chance to find family-wage jobs. But working parents are understandably concerned about the rising costs of higher education. This year, we've instituted a program that allows parents to purchase future college credits at current tuition rates.

Parents can purchase up to four full years of college credits as their child matures, and then apply them toward tuition at any of our state colleges. The credits purchased would not shrink over time. What you pay for today is what you will receive tomorrow. This an excellent way to provide broad access to education for our young people. The program is still being developed, but it should be up and running by next year.

("Education" continued)

- We included \$275 million to ensure that all voter-approved new school construction projects are fully funded.

In all, teachers will have an additional \$458 per average-size classroom for supplies. This will help give them the flexibility to determine, at the classroom level, how that money should be spent to best serve our children.

In an effort to return to the fundamentals of basic education, we adopted legislation to help schools do a better job of teaching reading in the earliest grades. And we also adopted legislation giving educators the tools and authority to maintain greater discipline in the classroom, as well as free local schools from unnecessary and excessive government regulations that thwart efforts to improve education.

Legislation proposed by Rep. Honeyford to increase school safety also was approved. House Bill 1841 gives teachers and educators more authority to discipline students who repeatedly disrupt the learning environment. The bill provides additional disciplinary options for students involved in gang-related activity and substance abuse and alerts school administrators when enrolled students have been convicted of violent crimes.

We also continued our commitment to higher education by providing more enrollment slots and increasing financial aid. The 1997-99 budget included:

- \$40 million to fund nearly 6,400 new enrollments;
- \$23 million in financial aid; and
- \$55 million for workforce training at community and technical colleges.

Tax relief that's meaningful and fair

This year, the Legislature approved \$411 million in tax relief — with cuts aimed at property taxpayers, senior citizens and small employers.

First, the Legislature continued the temporary 4.7 percent reduction in the state property tax levy that was enacted in 1995. Then, we approved a comprehensive property tax relief package that significantly reduces the state portion of the property tax, places stricter limits on the growth of property tax levies at all levels of government, and sets an assessment limit to protect homeowners from huge, unexpected increases in the assessed value of their property.

This reasonable and responsible property tax relief and reform package will be before voters this November.

Integrity and a good reputation shouldn't be taxed, but some county assessors are eager to tax these "intangibles" because they see a new source of revenue. This is a distasteful attempt to squeeze yet more revenue out of hard-working small business owners and their families. Moreover, the identification and valuation of intangible personal property presents a host of bureaucratic headaches; who decides how much a reputation is worth?

We prevented this trend with a bill that clearly exempts intangible personal property from taxation. The governor has signed the bill.

Finally, the Legislature voted overwhelmingly to complete the repeal of the massive business and occupation tax increase imposed in 1993.

Preserving Yakima jobs

The Legislature also approved a bill, co-sponsored by Sen. Newhouse, to help save 80 to 100 jobs in the Yakima area. This bill specifically affects four companies statewide, including two Yakima companies, Destinations and Quest International.

Currently, the state's B&O tax is applied to the gross receipts of businesses that develop membership programs granting discounts on specific products or services, such as entertainment books or the travel discount programs marketed by Destinations and Quest International.

These businesses are also charged a state sales tax, and then a local sales tax. Originally, they were told only to pay the sales tax. However, in 1994, they were told they also needed to pay the B&O tax. Senate Bill 5195 grants a B&O tax exemption for part of these sales when the membership materials are delivered out of state.



Rep. Lisk addresses the House Appropriations Committee regarding the state budget.

Providing incentives for farm worker housing

In our previous newsletter, we discussed the state's migrant worker housing problems. This session, the Legislature approved two measures aimed at curbing those problems by expanding tax incentives and relaxing regulatory red tape.

The first, co-sponsored by Sen. Newhouse, extends a tax exemption that was formerly provided just to farmers who built migrant worker housing in their orchards and on their property. The sales tax exemption applies to labor, services and materials used in building these structures. SB 5193 allows the tax exemption to apply to nonprofit groups, housing authorities, and government agencies that build housing for migrant workers.

The other bill, co-sponsored by Sen. Newhouse, would have expanded upon the success of temporary housing used for cherry harvest. However, it was vetoed by the governor.

The veto is unfortunate because SB 5668 would have built upon the temporary worker housing code developed over the past several years by a technical advisory committee made up of growers, workers, building professionals, and local officials. This bill would have directed the Department of Health to adopt an official "Temporary Worker Building Code," which would have:

- Taken into consideration the temporary nature of the dwelling;
- Recognized these shelters will only be used in warm weather seasons;
- Complied with the Washington Industrial Safety and Health Act; and
- Provided exceptions to the state's Uniform Building Code.

Working to make government more accountable

To make government more accountable to the citizens it's supposed to serve, the Legislature has been pushing for responsible regulatory reform that eliminates the expensive mass of outdated, unnecessary and ineffective rules and regulations that clog the state bureaucracy.

Two years ago, the Legislature took a significant step toward achieving these objectives, approving strict limits on the authority of agencies to adopt new rules and directing that more assistance be given to the public in their efforts to comply with the law.

This year, the Legislature's major regulatory reform bill, HB 1032, would have required agencies to review all new rules within seven years of adoption for effectiveness. Under the proposal, if a rule, upon review, is determined to be outdated, duplicative or no longer necessary, it would have to be eliminated. Unfortunately, the governor vetoed this critical component of regulatory reform.

Transportation budget includes performance audit

Our transportation budget provides funding for existing projects that are already underway, as well as ongoing maintenance. We also approved a performance audit of the Department of Transportation, which will give us a clearer idea of how to use our existing revenue more efficiently.

The following local improvement projects in the 15th District will continue to receive funding in the transportation budget:

- SR 14/Dock Grade intersection — \$1.46 million
- SR 14/Hood River Bridge to Vine Street — \$62,668
- SR 14/White Salmon Heritage information site — \$70,166
- SR 14/Hood River Bridge Park and Ride — \$51,061
- SR 24/Beaudry Road intersection — \$208,029
- SR 97/Lateral A — \$1.1 million
- SR 97/South Wapato Road — \$112,686
- SR 141/White Salmon SR 141 improvements — \$187,288

The Legislature also established State Route 35 along the route to an existing, aging toll bridge at the Port of Hood River.

The state designation, proposed by Rep. Honeyford in HB 1316, accelerates an important procedural step in the effort to construct a new bridge across the Columbia River near Bingen/White Salmon by opening the door to the process of competing for transportation funding. State corridor status improves the prospects for a new bridge at a slightly different location.



Rep. Honeyford debates juvenile justice reform on the floor of the House.

Promoting fairness in employer obligations

When one employer is dishonest and shirks the responsibility of paying industrial insurance or unemployment insurance, others pay the price and pick up that employer's burden. This is unfair to all of the honest and responsible employers who pay their share to cover their employees. Last summer, Sen. Newhouse served on the Task Force on Nonpayment of Employer Obligations. Two of the task force's recommendations became law this session.

One measure, sponsored by Sen. Newhouse, requires the Department of Labor and Industries to work with the Employment Security Department to implement a unified report form for industrial insurance premiums and unemployment insurance contributions. This bill simplifies regulatory requirements, while streamlining the departments' ability to hold employers accountable.

Another measure, sponsored by Sen. Newhouse, cracks down on employers who knowingly misrepresent payroll or employee hours to avoid paying workers' compensation premiums. Employers found guilty of knowingly evading payment are subject to a civil penalty up to 10 times the difference in premiums paid and premiums owed and are guilty of a class C felony.

Protecting our communities from juvenile crime

Lawmakers this session completely reformed the way we protect our neighborhoods from young criminals. Our juvenile justice bill, which passed unanimously, enacts the most significant changes in 20 years.

Here are the highlights of this major achievement:

- **Accountability** — 16- and 17-year-olds will be prosecuted as adults in the following cases: murder, rape, drive-by shooting, first-degree robbery, first-degree child rape, first-degree burglary with a previous conviction, and any crime in which the offender used a firearm.
- **New sentencing system** — The bill replaces the current sentencing “point system” with sentencing ranges based on two factors: 1) the seriousness of the current offense; and 2) the number of prior felony and misdemeanor sentences.
- **Sentencing alternatives** — The measure includes several alternatives to jail or prison time, including boot camps, home detention, community service, and mandatory school attendance.

Deferred convictions would be replaced with deferred dispositions. Juveniles who agree to this form of probation after a guilty plea or a guilty verdict may substitute community supervision for incarceration. Community supervision may include treatment for drug and alcohol addiction. Juveniles must comply with all conditions of the deferral or face court-imposed jail time.
- **Parental involvement** — Parents of juvenile offenders will be required to participate in court proceedings involving their children.
- **Community Juvenile Accountability Act** — Grants will be made available to local governments to fund community-based juvenile accountability and intervention programs that meet specified criteria.
- **Housing of juveniles sentenced in adult court** — Juvenile offenders under age 18 who are incarcerated in the adult system will be placed in housing units or jail cells separate from adult inmates.
- **Educating juveniles sentenced to adult prison** — Juvenile offenders will be provided with opportunities to achieve either a high school diploma or GED.

In addition, legislation proposed by Rep. Honeyford and co-sponsored by Rep. Lisk to implement the Toppenish plan, a pilot project that is designed to ease the burden of juvenile court caseloads, was also adopted. The bill (HB 1922) gives local courts in Yakima County concurrent jurisdiction with juvenile courts over traffic and civil infractions, violations of compulsory school attendance provisions, and misdemeanors.

Sharing jurisdiction with local courts over these types of offenses should relieve pressure on our overloaded juvenile courts. It is hoped that the Toppenish Plan will serve as a model for the rest of the state.

Capital budget funds local projects

The following local projects were approved for funding in the capital budget for 1997-99:

- Yakima Valley Community College — Pedestrian overpass replacement (\$100,000)
- Yakima Valley Community College improvements (\$3.43 million)
 - Renovate Hopf Hall (\$475,400)
 - Heating, ventilation and air conditioning repairs (\$789,700)
 - Mechanical repairs (\$876,900)
 - Electrical repairs (\$692,500)
 - Building interior repairs (\$307,000)
 - Minor repairs (\$292,700)
- Maryhill Museum deterioration repair (\$500,000)
- Wapato Community Center (\$10,000)
- Princess Cultural Center in Prosser (\$115,000)
- Washington State University Learning Center in Goldendale (\$110,000)
- Doug's Beach and Spring Creek Hatchery public safety improvements (\$250,000)

Funding and defining low-income legal services

Providing legal services to indigent and elderly people in civil litigation has long been controversial. The program is funded with a portion of money collected by district, municipal and superior courts through fees, fines and penalties.

This session, the Legislature approved legislation to continue providing these services. However, the bill, sponsored by Rep. Lisk, also includes several restrictions, such as annual audits of the nonprofit service organizations that provide the representation, as well as specific prohibitions against using these state-appropriated funds for lobbying, political activity and/or class action suits. A legislative oversight committee was also created to monitor the program.

Efforts to improve water management vetoed by governor

After the Legislature approved a package of legislation that would have substantially increased local involvement and improved the way water is managed and protected in Washington state, the governor vetoed the vast majority of the proposals.

Instead, the governor established a cabinet of state bureaucrats to further study the issue. Unfortunately, the governor's new 14-member Joint Natural Resources Cabinet will not include a single local government official or private citizen.

In our last report, we detailed the significant water management legislation. Here's how the bills fared:

- HB 1110 provides relief from the moratorium on further withdrawals from the Columbia and Snake rivers. Signed into law.
- HB 1111 would have granted a water right to persons who used surface or groundwater for irrigation or stock watering purposes without a permit before 1993. Vetoed by governor.
- HB 1112 would have prohibited employees of any party to a general adjudication proceeding to be appointed by the court as a referee. Not approved.
- HB 1113 would have established new rules for water transfers and changes. Not approved.
- HB 1115 would have altered the DOE appeal procedures to include a request for an informal or formal hearing. Amended onto HB 2054. Vetoed by governor.
- HB 1118 provides a new period for filing statements of claim for water rights in use prior to the establishment of the surface and groundwater codes. Partially vetoed by governor.
- HB 2050 would have established three tests upon which a permit for the use of groundwater could be denied or conditioned. Vetoed by governor.
- HB 2054, the omnibus watershed planning bill of 1997, would have enacted a locally based system of identifying just how much water is in each water resource inventory area of the state. Substantially vetoed by governor.